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CHILD POVERTY AND CHILD WELL-BEING

Jonathan Bradshaw¹

INTRODUCTION

It is now nearly seven years since the banking crisis set off the great recession and the worst economic crisis that most European countries have experienced since World War II. Surely it is time to assess the impact? Yet it is almost certainly still premature - in three respects. First, the signs of recovery are faint; GDP may be growing or may have stopped falling, but unemployment is still very high and in many countries real household income has not recovered to the levels they were at before the crisis. Also most countries still have deficits and thus social expenditure is still under pressure – there are more cuts in benefits and services, or tax increases to come. Second, as we shall see, the evidence on the outcomes of the crisis is not as up to date as we would like. Third, more profoundly, the impact of this crisis may not all be felt now, but emerge in the well-being of the population later in life, and indeed in the well-being of future generations. Certainly there is a host of evidence that suggests that episodes of poverty in childhood have lasting consequences - for the individual in the long term, as well as for the long term costs for society, which are enormous (for a recent review see Griggs and Walker (2008)).

That fact is a reason why we should be especially concerned about the impact of the crisis on children. The risk is that falling real incomes and cuts in services and benefits will not only have an impact on their childhoods, but their adulthoods and for society as a whole.

So this article is an attempt to review the evidence on child poverty and child well-being over the period of the crisis - from 2007 to the latest date and data we have. The main focus is on outcomes, though we start with some (less than satisfactory) analysis of trends in social expenditure. The approach is comparative. There will be much more up-to-date and better evidence on the impact of the crisis on children available from national sources. The justification for comparison is that it provides a perspective and helps to answer the questions: have we done as well as other countries; could we have done better in the circumstances? The ‘we’ here, to provide a main focus for the analysis, will be Spain.

The article mainly relies on secondary analysis of publicly available data and other sources, some of which the author has contributed to providing and analysing.

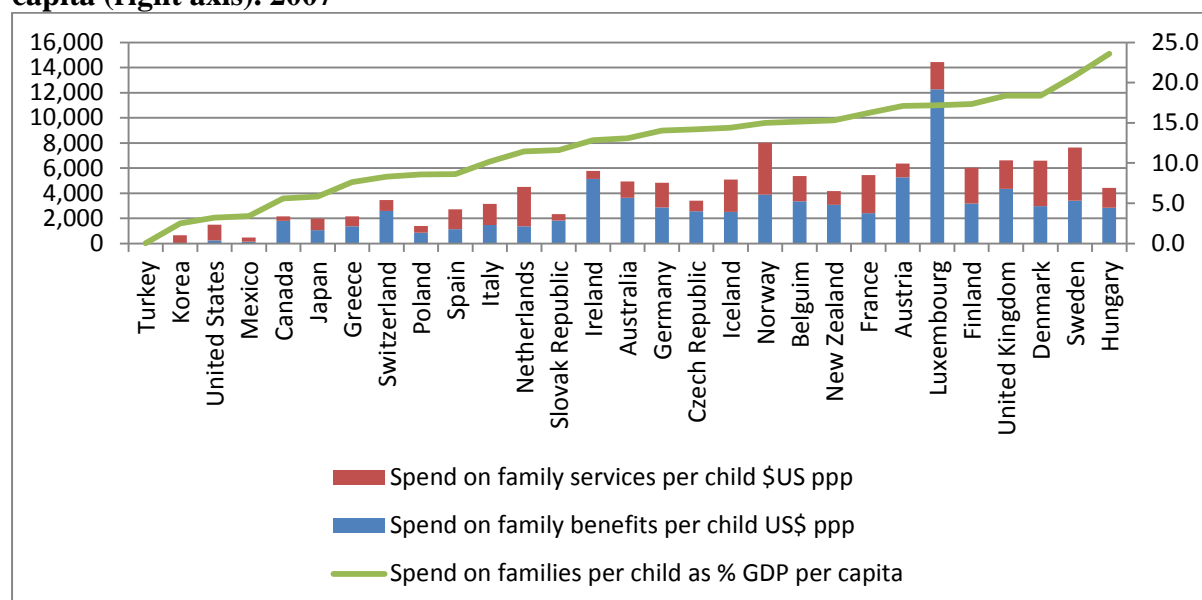
STATE EFFORT ON BEHALF OF CHILDREN

Before the crisis (in 2007) the effort made by states in support of children varied considerably. Figure 1 shows that Spain was a comparatively low spender on family benefits and services both in absolute terms and as a proportion of GDP per capita. Spain was particularly low in spending on family cash benefits. Indeed Spain is one of the few countries

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in Europe without a universal child benefit (Marx and Nelson 2013). However just before the recession in November 2007 Spain had introduced a universal allowance as a transfer or tax credit of €2,500 per birth or adoption. It was abolished in 2010 because of budget cuts.

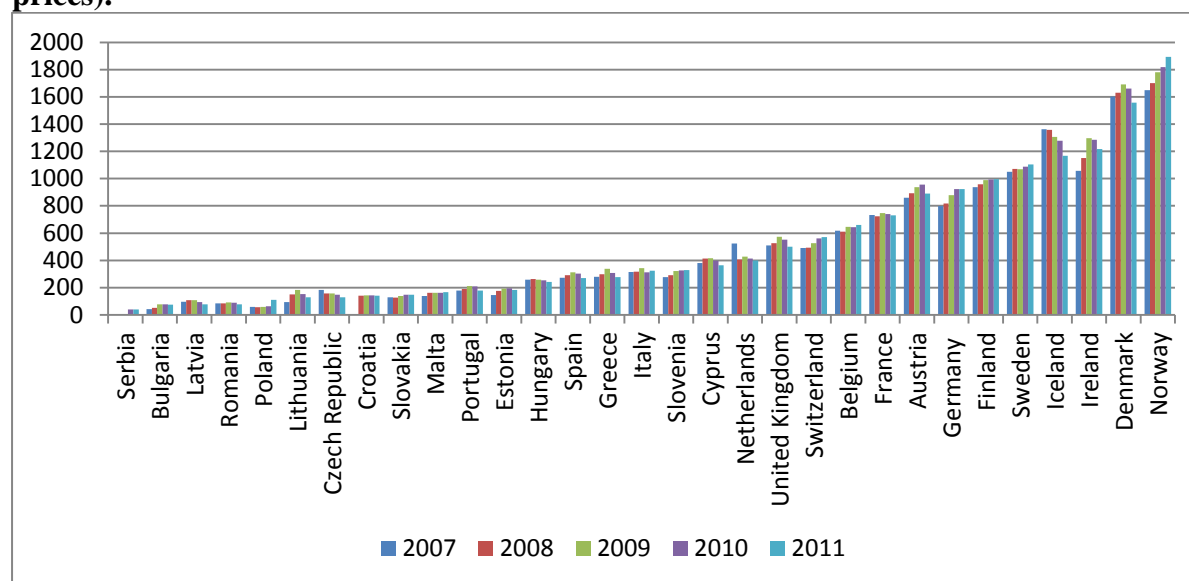
Figure 1: Expenditure on family benefits and services per child in \$US purchasing power parities (left axis) with countries ranked by spending as a proportion of GDP per capita (right axis). 2007



Source: Own analysis of OECD family spending data.

OECD family spending data is only available up to 2009. Eurostat spending on child and family benefits in Figure 2 is more recent and shows that spending in Spain rose slightly after 2007 but fell in 2011. This is a pattern common to many countries – an initial anti cyclical increase in spending, not sustained as the crisis lengthens (Martorano 2014). It should be remembered that unemployment, which had always been high in Spain, grew from 8.3% in 2007 to 24.6% in July 2012 and youth unemployment from 18.2% in 2007 to 53% in 2012.

Figure 2: Spending on child and family benefits: Euro per inhabitant (at 2005 constant prices).



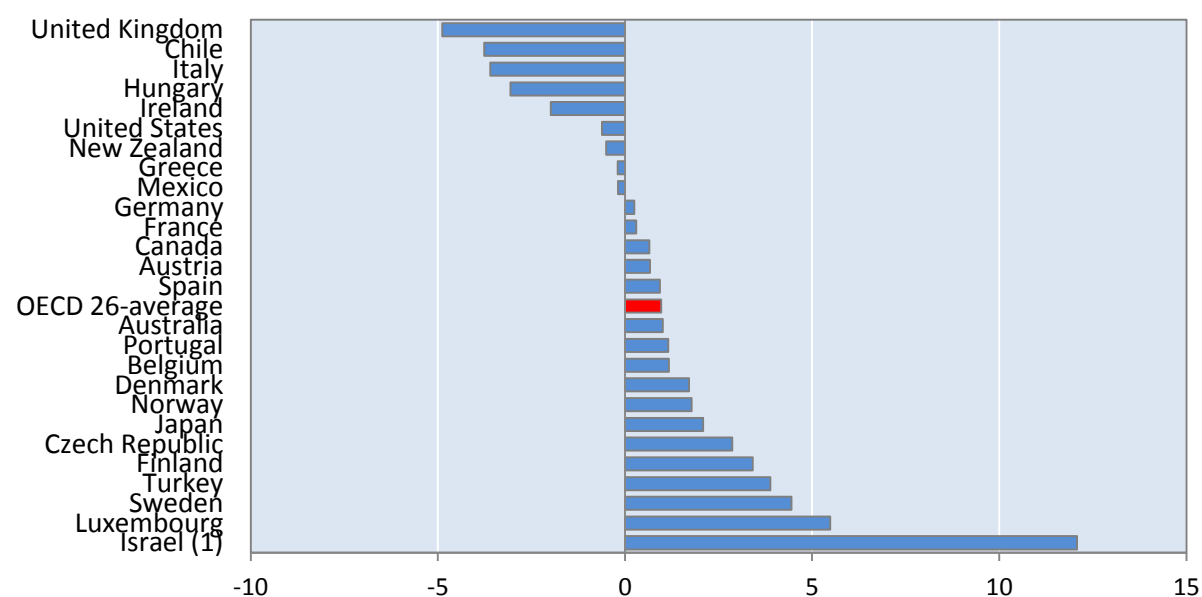
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CHILD POVERTY BEFORE THE CRISIS

What about child poverty before the crisis? The crisis was preceded by a period of (unprecedented) economic growth. However this does not necessarily imply that families with children were a major beneficiary of the growth. In fact as can be seen in Figure 3 child poverty rates increased in most OECD countries including Spain between the mid-1990s and 2008.

Figure 3: Point changes in child poverty rates between mid-1990s and 2008. Poverty threshold-equivalent income less than 50% of the median



Source: OECD Family Database CO2.2.B

Furthermore the years up to 2008 had seen a sharp increase in the prices of food, fuel and clothing, driven by a long term rise in world demand, increases in the price of raw materials, and increasing labour costs in China and other emerging economies. This trend continued into the recession. Because all these commodities constitute a larger share of the budgets of low income households, low income families with children, especially in countries where social protection is uprated only in-line with movements in general prices, may have seen a fall in living standards even before the recession.

CHILD WELL-BEING BEFORE THE CRISIS

What do we know about comparative child well-being before the crisis? Probably the best summary is provided by UNICEF (2007). They used data from mainly the early 2000s to compare the well-being of children in the OECD countries on different domains. The overall league table is reproduced in Figure 4. It can be seen that Spain did comparatively well - coming fifth in the league table and in the top third of countries on health and safety, behaviours and risks and subjective well-being.

Figure 4: League table of child wellbeing from Innocenti Report Card 7

Dimensions of child well-being	Average ranking position (for all 6 dimensions)	Dimension 1 Material well-being	Dimension 2 Health and safety	Dimension 3 Educational well-being	Dimension 4 Family and peer relationships	Dimension 5 Behaviours and risks	Dimension 6 Subjective well-being
Netherlands	4.2	10	2	6	3	3	1
Sweden	5.0	1	1	5	15	1	7
Denmark	7.2	4	4	8	9	6	12
Finland	7.5	3	3	4	17	7	11
Spain	8.0	12	6	15	8	5	2
Switzerland	8.3	5	9	14	4	12	6
Norway	8.7	2	8	11	10	13	8
Italy	10.0	14	5	20	1	10	10
Ireland	10.2	19	19	7	7	4	5
Belgium	10.7	7	16	1	5	19	16
Germany	11.2	13	11	10	13	11	9
Canada	11.8	6	13	2	18	17	15
Greece	11.8	15	18	16	11	8	3
Poland	12.3	21	15	3	14	2	19
Czech Republic	12.5	11	10	9	19	9	17
France	13.0	9	7	18	12	14	18
Portugal	13.7	16	14	21	2	15	14
Austria	13.8	8	20	19	16	16	4
Hungary	14.5	20	17	13	6	18	13
United States	18.0	17	21	12	20	20	-
United Kingdom	18.2	18	12	17	21	21	20

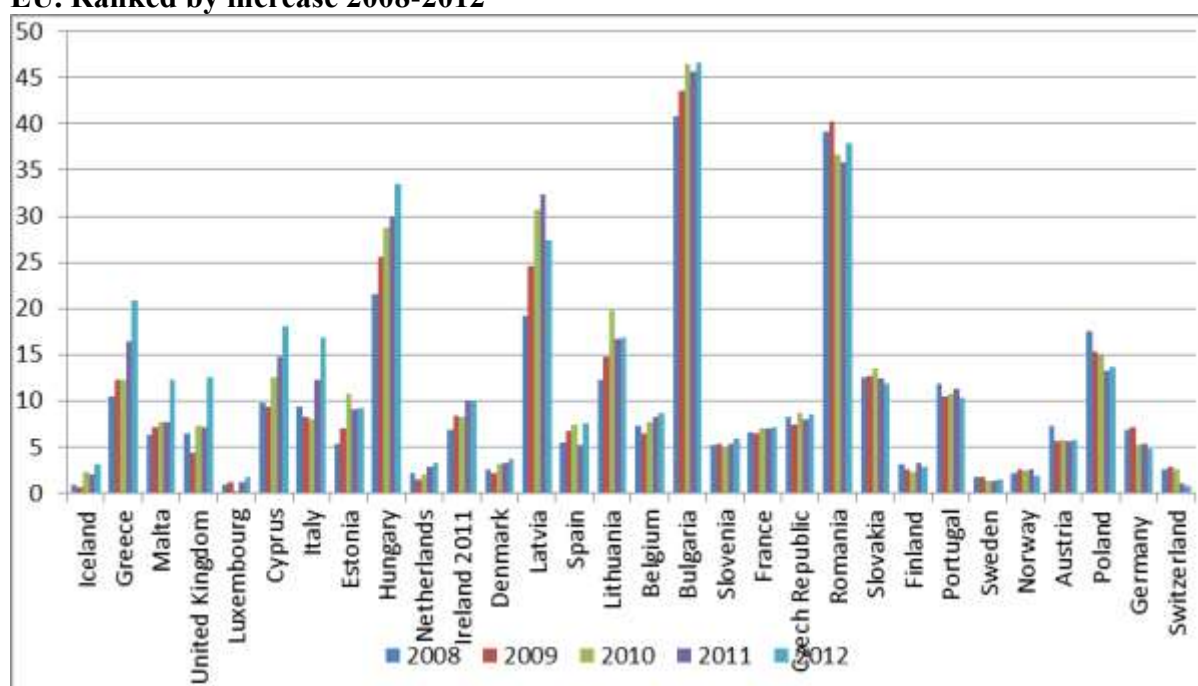
AFTER THE CRISIS

What happened to child deprivation, child poverty and child well-being after the crisis?

Child deprivation

The latest data on child deprivation is the EU Statistics on Income and Living Conditions (SILC) survey. This survey uses an index of deprivation – the so-called Guio index which is a component of EU 2020 poverty and social exclusion targets. Figure 5 shows trends in the proportion of children in households with severe deprivation (lacking three or more deprivation items). The countries are ranked by the increase in the child deprivation rate between 2008 and 2012, the latest data available. Iceland has had the sharpest increase in child deprivation over the period, but from a very low base. Greece has had a large increase from quite a high base. Spain shows a fluctuating pattern with an increase between 2011 and 2012. We really need more recent data to know whether that increase was significant. Another point to note from the figure is that there are some countries which have experienced no increase in deprivation over this period, indeed Poland, Germany and Switzerland were among other countries that had falling levels of child deprivation during the recession.

Figure 5: Proportion of children under 16 in households with severe deprivation in the EU. Ranked by increase 2008-2012

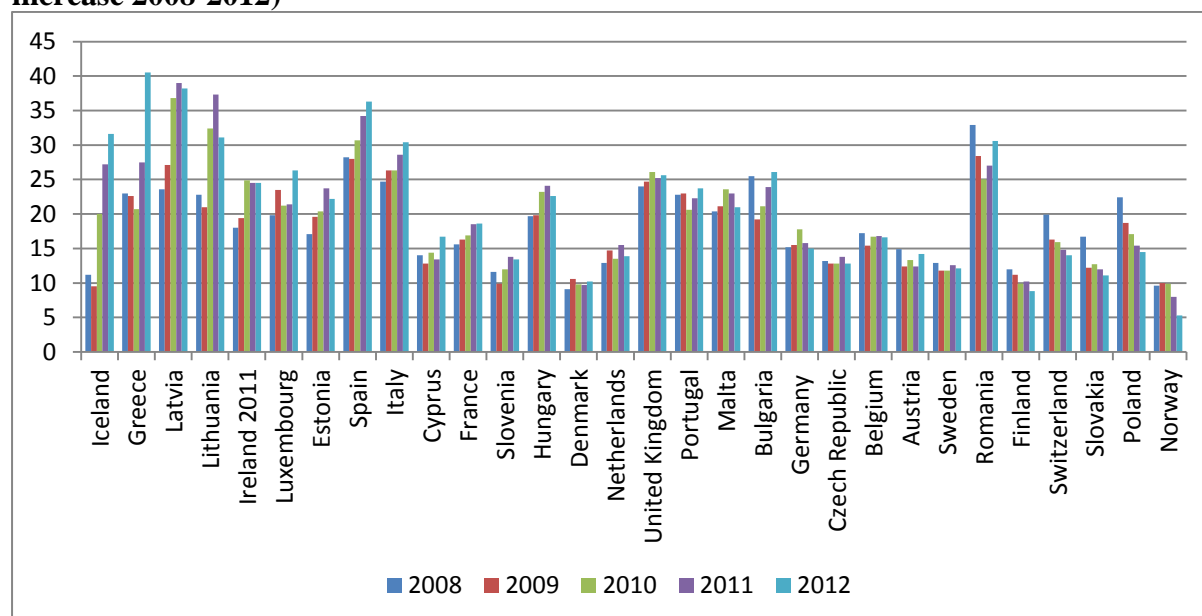


Child poverty

The problem with tracing child poverty over the recession is that in many countries median incomes have fallen and so the at-risk of poverty rate has also fallen, or not increased. In Spain the EU at-risk of poverty threshold fell in 2010, 2011 and 2012. We can deal with this by anchoring the poverty threshold at 2008 levels. This is done in Figure 6. Again the countries are ranked by the increase in the anchored child poverty rates between 2008 and 2012 (in SILC that is income between 2007 and 2011). There was a very sharp increase in child poverty in Iceland from a very low base. Child poverty also increased sharply in

Greece, Latvia, Lithuania, and in Spain. Again there are a number of countries that experienced no increase or a fall in their child poverty rates including Norway, Poland, Slovakia and Switzerland.

Figure 6: Child (<18) poverty rate. Threshold fixed at 2008 <60% median (ranked by % increase 2008-2012)



Chzhen (2014) has done a disaggregated analysis of the changes in the anchored child poverty and severe deprivation rates for EU countries and the results for Spain are reproduced in Table 1. Child poverty and deprivation increased for most sub-groups of the population in Spain, but the biggest increases have been for low work intensity households (the impact of the big increases in unemployment) and in migrant families. In contrast lone parents and large families who had high poverty and deprivation rates at the beginning of the period have not suffered such big increases.

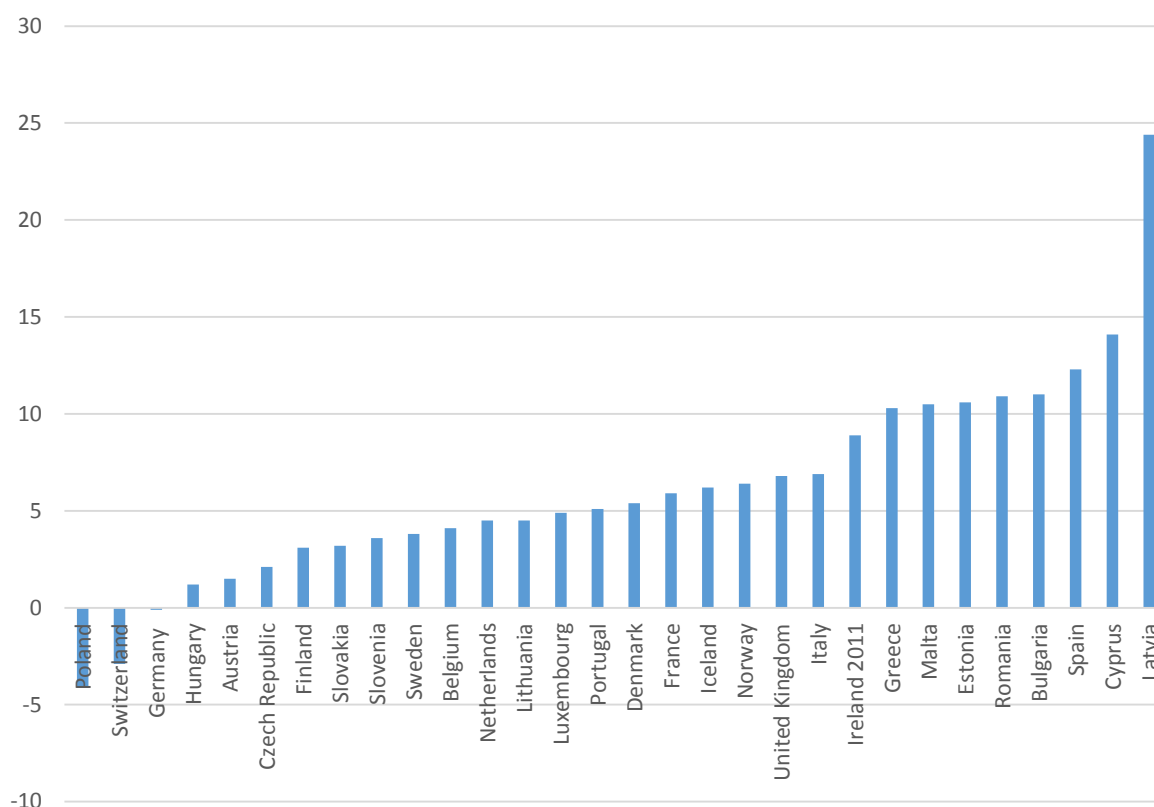
Table 1: SPAIN: Changes in anchored child poverty and deprivation 2008-2012

	2008		2012		2008		2012	
	WI>0.2	WI<0.2	WI>0.2	WI<0.2	Couple	Lone parent	Couple	Lone parent
Anchored child poverty rate	26	76	29	88	26	46	35	48
Severe material deprivation rate	5	16	4	31	4	20	6	16
	1-2 children	3+ children	1-2 children	3+ children	Non migrant	Migrant	Non migrant	Migrant
Anchored child poverty rate	22	58	33	55	23	49	30	62
Severe material deprivation rate	3	16	7	12	3	18	5	20

One way of assessing countries performance during the recession is to compare the outcomes for children with the outcomes for the other main vulnerable group - pensioners. Figure 7 compares the differences in the changes in the poverty rates of pensioners and children between 2008 and 2012. In almost all countries the child poverty rate has increased more than the pensioner poverty rate. The gap in the poverty rate between children and pensioners grew

more in Spain than only Cyprus and Latvia. There were only three countries (Poland, Switzerland and Germany) where pensioner poverty grew more than child poverty. These results indicate that children in Spain were more a victim of recession than in most other countries.

Figure 7: Difference in changes in poverty rates between pensioners and children 2008-2012 anchored 2008 <60% median threshold



Child well-being

UNICEF (2014) repeated the index of child well-being 2014 (though most of the data used related to only the very first years of the recession). Although the number of countries included were different and the domains of well-being not identical, Figure 8 shows that Spain did not do so well comparatively - coming towards the bottom of the middle third of the distribution.

Figure 8: League table of child wellbeing from Innocenti Report Card 11

	Material Situation	Health	Education	Behaviour	Housing and environment	Child well-being index
Netherlands	1	5	1	1	4	2.4
Norway	3	7	6	4	3	4.6
Iceland	4	1	10	3	7	5.0
Finland	2	3	4	12	6	5.4
Sweden	5	2	11	5	8	6.2
Germany	11	12	3	6	13	9.0
Luxembourg	6	4	22	9	5	9.2
Switzerland	9	11	16	11	1	9.6
Belgium	13	13	2	14	14	11.2
Ireland	17	15	17	7	2	11.6
Denmark	12	23	7	2	15	11.8
Slovenia	8	6	5	21	20	12.0
France	10	10	15	13	16	12.8
Czech Republic	16	8	12	22	18	15.2
Portugal	21	14	18	8	17	15.6
United Kingdom	14	16	24	15	10	15.8
Canada	15	27	14	16	11	16.6
Austria	7	26	23	17	12	17.0
Spain	24	9	26	20	9	17.6
Hungary	18	20	8	24	22	18.4
Poland	22	18	9	19	26	18.8
Italy	23	17	25	10	21	19.2
Estonia	19	22	13	26	24	20.8
Slovakia	25	21	21	18	19	20.8
Greece	20	19	28	25	25	23.4
USA	26	25	27	23	23	24.8
Lithuania	27	24	19	29	27	25.2
Latvia	28	28	20	28	28	26.4
Romania	29	29	29	27	29	28.6

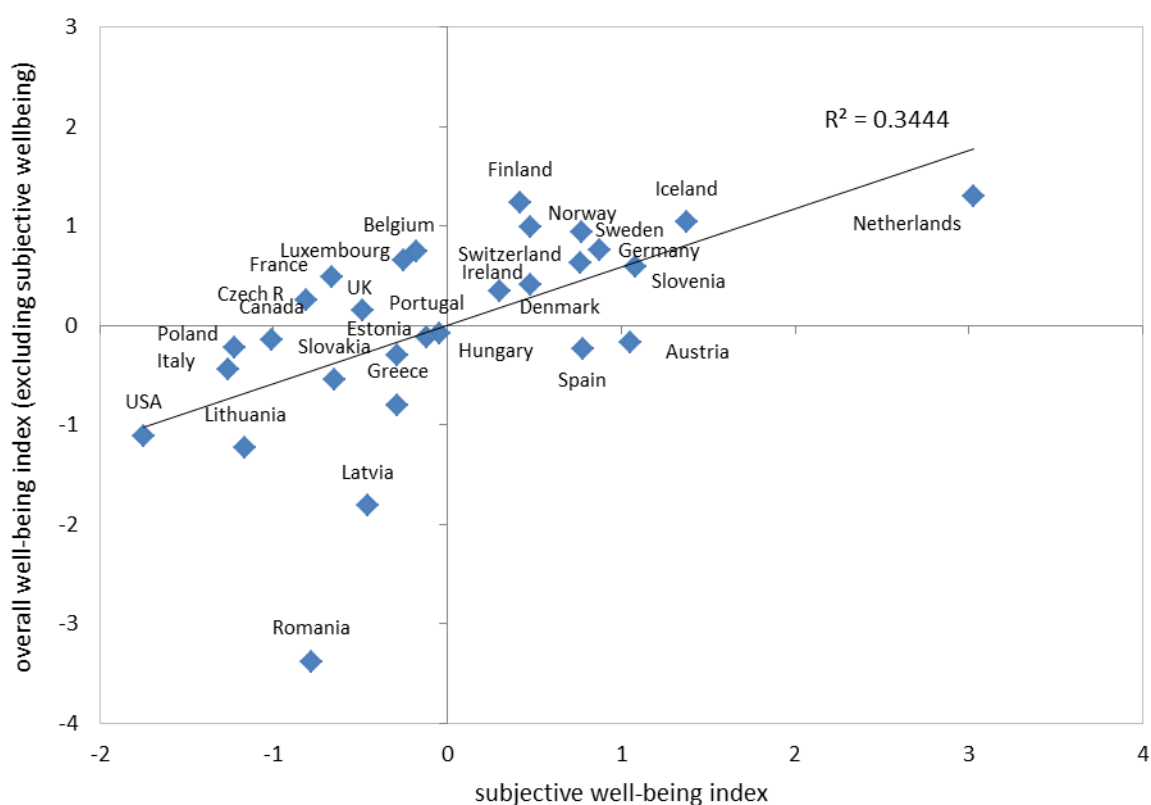
Martorano et al (2013) compared the changes in the 21 indicators covering four domains which were consistent between RC 7 and RC11 and Bradshaw et al (2013) also compared changes in the consistent indicators of subjective well-being between RC7 and RC11. The results from these comparisons have been combined in Table 2. The right hand column gives the average change in rank for these five domains of well-being between the early 2000s and the early years of the recession. It can be seen that Portugal, Norway and the UK improved their relative position while Poland, Sweden, Spain and Greece deteriorated. Spain fell in rank on all the domains except subjective well-being where it came second from best after the Netherlands. One can conclude from this that Spanish children are happier than they deserve to be on the basis of their objective circumstances.

Table 2: Changes in child well-being rank between (modified) RC7 and RC11

	RC7						RC11						
	Material Well-being	Health and Safety	Education	Beh. and Risks	Subjective	Average rank modified RC7	Material Well-being	Health and Safety	Education	Beh. and Risks	Subjective	Average rank modified RC11	Diff in average ranks RC7 to RC11
Portugal	19	8	21	14	15	15.4	15	8	15	7	9	10.8	4.6
Norway	1	9	8	8	10	7.2	1	4	6	3	3	3.4	3.8
UK	12	18	19	21	21	18.2	12	16	18	14	16	15.2	3
Ireland	13	17	11	6	11	11.6	11	6	13	8	8	9.2	2.4
Germany	10	13	7	7	5	8.4	9	10	5	5	5	6.8	1.6
Belgium	8	12	2	16	12	10	10	9	3	11	12	9	1
Switzerland	5	14	12	12	2	9	6	15	8	9	4	8.4	0.6
Netherlands	6	4	1	2	1	2.8	2	3	2	4	1	2.4	0.4
Austria	11	21	17	18	4	14.2	8	21	17	19	6	14.2	0
Italy	18	11	20	5	16	14	17	13	19	6	15	14	0
Hungary	20	16	14	19	14	16.6	19	18	9	21	19	17.2	-0.6
France	7	7	6	9	17	9.2	7	7	14	10	11	9.8	-0.6
Canada	9	15	13	17	13	13.4	13	20	7	15	17	14.4	-1
Czech R	16	5	5	15	20	12.2	14	5	11	18	18	13.2	-1
Finland	4	1	9	4	8	5.2	3	1	1	13	13	6.2	-1
USA	17	19	16	20	19	18.2	21	19	16	20	20	19.2	-1
Denmark	3	3	10	11	9	7.2	4	17	10	1	10	8.4	-1.2
Poland	21	10	4	3	18	11.2	20	11	4	12	21	13.6	-2.4
Spain	15	6	15	13	7	11.2	16	14	21	16	2	13.8	-2.6
Sweden	2	2	3	1	6	2.8	5	2	12	2	7	5.6	-2.8
Greece	14	20	18	10	3	13	18	12	20	17	14	16.2	-3.2

This has been confirmed by subsequent comparative analysis of subjective well-being by Klocke et al (2014) using the micro data from the Health Behaviour of School Aged children 2009/10 survey (Currie et al 2012). Using indicators covering four domains of subjective well-being Spanish children aged 11, 13 and 15 came fourth highest out of 28 countries on life satisfaction, 28th (bottom) on subjective education (views about school), fifth on subjective health and seventh on relationships. This gave it an overall ranking of eleventh out of 28 countries. Bradshaw et al 2012 plotted overall subjective well-being against objective well-being and found Spanish children well below average on objective well-being and well above average on subjective well-being as illustrated in Figure 9.

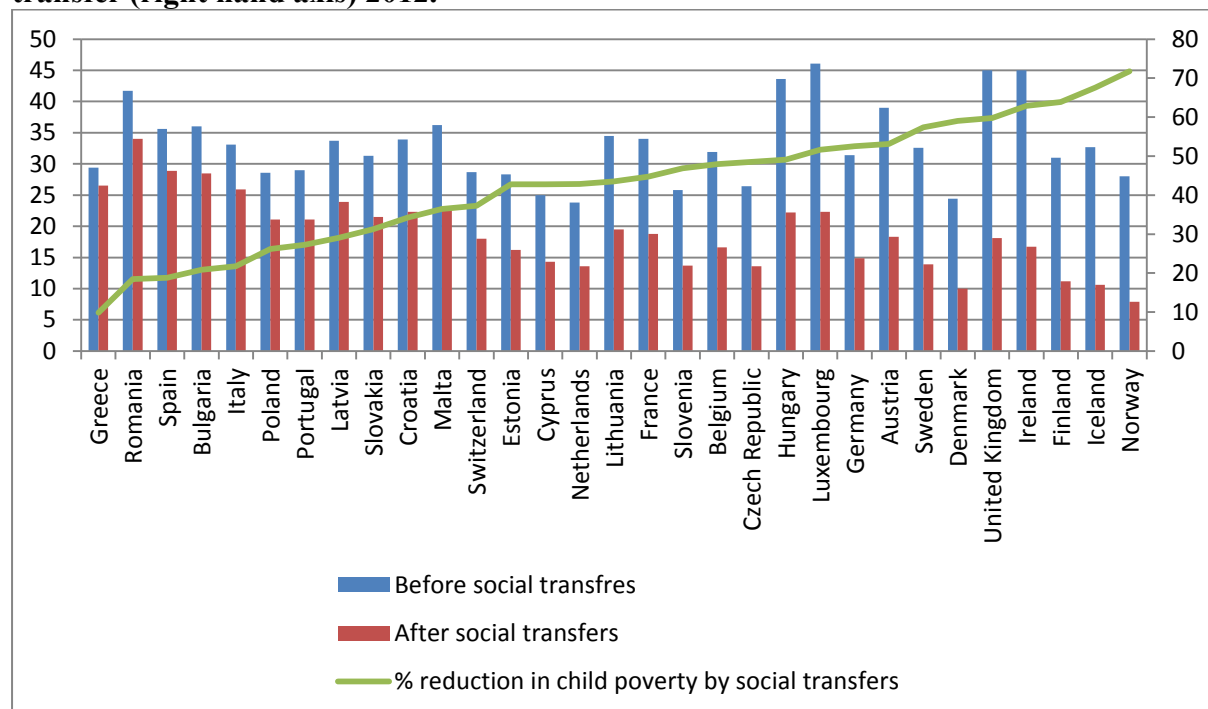
Figure 9: Objective and subjective child well-being: UNICEF 2013



WHY DOES CHILD POVERTY VARY?

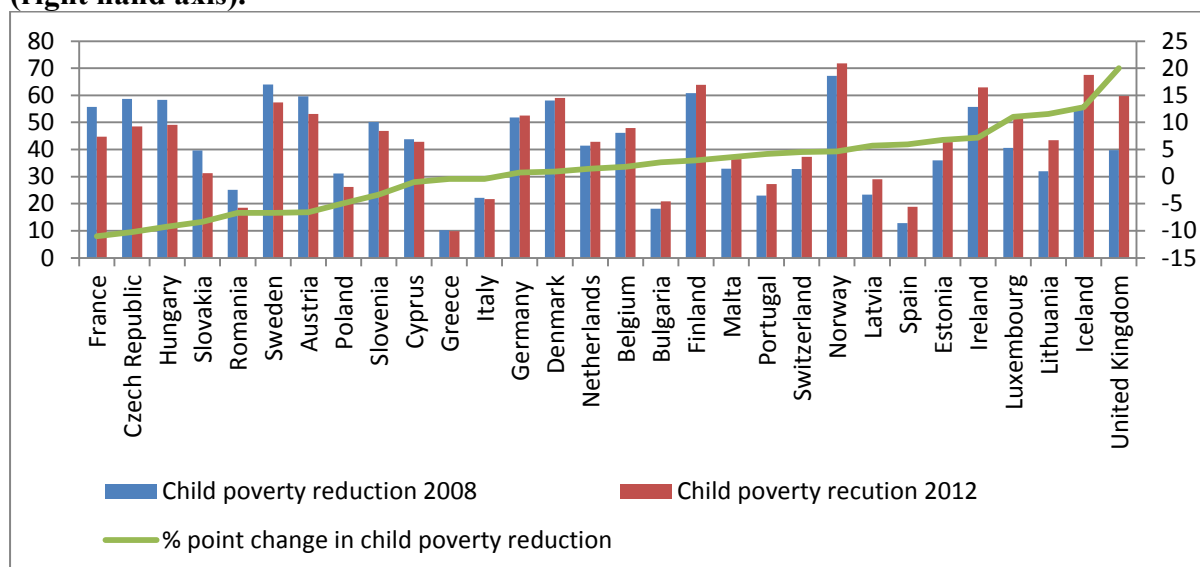
The risk of a child being poor varies with the demography, the earnings and employment pattern of a country. But fundamental in the end is the relative effectiveness of the social protection system. One way we can compare this effectiveness is to compare child poverty rates before and after transfers. This is done in Figure 10 with the countries ranked by the extent to which they reduce pre transfer poverty rates. There is considerable variation in the effectiveness of transfer systems. Norway reduces its comparatively low pre transfer poverty rate by 72% whereas Greece reduces its pretransfer child poverty rate by only 10%. Spain has a comparatively high pre transfer poverty rate and it only manages to reduce it by 19% indicating that the Spanish social protection system for families with children is one of the most ineffective in the EU.

Figure 10: Child (under 16) poverty rates <60% median threshold before and after transfers with the countries ranked by the % reduction in child poverty achieved by transfer (right hand axis) 2012.



How has that effectiveness changed over the period of the recession? Figure 11 gives the child poverty reduction in 2008 and 2012 and percentage point change in the child poverty reduction achieved by transfers between 2008 and 2012. Spain is one of the countries with an increase in child poverty reduction. Child poverty increased over the period but the Spanish social protection system managed to reduce more of it. These changes are quite difficult to interpret without more research. For example a number of countries had a fall in the effectiveness of their social protection system. In some countries this was because pre transfer poverty rates fell but post transfer rates increased. This could be to do with changes in poverty thresholds or changes in social protection. Efforts to decompose reductions in poverty rates using SILC have proven very difficult (Bradshaw and Huby 2014).

Figure 11: Child (under 16) poverty reduction by transfers in 2008 and 2012 and percentage point change in child poverty reduction achieved by transfers 2008-2012 (right hand axis).



CONCLUSION

It is surely one of the most important tasks of governments and international bodies such as the European Union to monitor the well-being of children. UNICEF in its Innocenti Report Card series on children in rich countries has been making an important contribution and later in 2014 will publish a Report Card 12 on the impact of the crisis on children. Although the OECD published some comparative data on children before, their *Doing Better for Children* only appeared in 2009 (OECD 2009) there has been very little yet produced after the crisis. The European Commission has made much progress on indicators of child poverty and deprivation, but so far only very tentatively engaged with child well-being (but see TARKI 2010, European Commission Social Protection Committee 2008), though the EU SILC survey remains a key data source.

This article reviews what we can say comparatively about child poverty and child well-being before and after the crisis. It is not really enough: the crisis is still going on; the data is not up to date enough; the consequences may be very long term.

What can we conclude? Children were not doing well before the crisis in the majority of EU countries – relative child poverty rates were rising and rising faster than population poverty rates. Not all EU countries were affected by the crisis equally but most countries in the EU were and as a result most had increases in child deprivation and child poverty. Most countries were better at protecting their pensioner population than their children. Child well-being fell in a number of countries. The relative effectiveness of social protection varied and both before and after the crisis was critical in determining child poverty and its outcomes.

In Spain the social protection system for families with children is comparatively ineffective and spending on families with children very low. Like other southern European welfare states Spain has always used its public resources to protect its pensioners first relying on the family to protect its children. One result has been that Spain has comparatively high rates of child poverty and they have increased during the crisis, particularly for unemployed families and

migrants. Another consequence is that if you don't have a social protection system for families with children it cannot be a target for cuts as austerity bites.

On child well-being the picture is more mixed. In the early 2000s Spain had one of the highest levels of child well-being and performed particularly well on child subjective well-being. More recent evidence suggests that child well-being has been falling in Spain, though subjective well-being has remained higher than it should be given the objective circumstances of children in Spain. This must be a tribute to Spanish families who without much support from their government and in the most difficult circumstances of very high unemployment and falling living standards are protecting their children.

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